

# Talking Points for Charts The Bush Economy

*1/05/06*

Chart 1: Slowest Job Growth of Any Administration in over 70 Years

Chart 2: Slowest Private Sector Job Growth of Any Administration in over 70 Years

Chart 3: The Most Protracted Postwar Jobs Slump

Chart 4: Unemployment Rate up by 0.3 Percentage Point

Chart 5: Over 800,000 More Unemployed Workers

Chart 6: Over 60 Percent More Long-Term Unemployment

Chart 7: Typical Worker's Earnings Failed to Keep Up with Inflation

Chart 8: The Distribution of Earnings Has Become More Unequal

Chart 9: Large Projected Surpluses Turned Into Large Deficits

Chart 10: \$4.3 Trillion More Debt in 2008

Chart 11: Bush Tax Cuts Were Nearly 90 Times Larger for Millionaires than for Middle Income Households

Chart 12: One of Only Three Administrations with a Decline in Household Income

Chart 13: Real Median Household Income Down \$1,273

Chart 14: Real Household Income Has Declined for All Income Groups since 2000

Chart 15: Administration with Second Largest Average Annual Rise in the Poverty Rate

Chart 16: 5.4 Million More Americans in Poverty

Chart 17: 6.8 Million More Americans Without Health Insurance

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## **The Bush Economy**

### **Chart 1: Slowest Job Growth of Any Administration in over 70 Years &**

## **The Bush Economy**

### **Chart 2: Slowest Private Sector Job Growth of Any Administration in over 70 Years**

- President Bush has the worst job creation record of any President since Herbert Hoover.
- In December 2006 there were just 3.7 million more jobs on nonfarm payrolls than there were when President Bush took office in January 2001.
- That is a paltry pace of job creation of just 53,000 jobs per month (0.5 percent per year).
- Leaving aside job creation in the government sector, there were just 2.5 million more private sector jobs in December 2006 than there were when President Bush took office.
- Within the private sector, manufacturing was particularly hard hit, with payrolls declining by 3.0 million jobs between January 2001 and December 2006.

## **The Bush Economy**

### **Chart 3: The Most Protracted Postwar Jobs Slump**

- The jobs slump associated with the recession that began in March 2001 was the most protracted jobs slump since at least the end of World War II (the period over which we have comparable data).
- In fact, one would have to go back to the 1930s to find a worse jobs slump.
- On average in the postwar period, job losses stop about a year after the onset of the recession and employment begins to increase after about 15 months. Within two years employment surpasses its pre-recession peak and is expanding at a healthy pace.
- The most recent jobs slump was dramatically different from that pattern and even more protracted than the so-called “jobless recovery” following the 1990-91 recession.
- Job losses continued until August 2003, more than two years after the start of the recession, and it was not until February 2005, nearly four years after the start of the recession that payroll employment surpassed its level at the start of the recession.
- Payroll employment has increased in every month since August 2003. However, the pace of job creation since August 2003 has been just 160,000 jobs per month. That is just a little faster than the pace needed to keep up with normal growth in the labor force.
- Payroll employment grew by 136,000 jobs in December 2006. Whereas it was common to see job gains of 200,000 to 300,000 and sometimes 400,000 jobs per month in the 1990s expansion, gains of that magnitude have been rare as the economy has struggled to emerge from the latest jobs slump.
- At this point in the recovery from the 1990-91 recession the economy had created 5.6 million more jobs than we have seen in this recovery.



## **The Bush Economy**

### **Chart 4: Unemployment Rate up by 0.3 Percentage Point &**

## **The Bush Economy**

### **Chart 5: Over 800,000 More Unemployed Workers**

- Although the unemployment rate has come down from its peak of 6.3 percent (reached in June 2003), the rate of 4.5 percent in December 2006 is still 0.3 percentage point higher than it was in January 2001 when President Bush took office.
- In December 2006, 6.8 million people were officially counted as unemployed— 826,000 more people than were unemployed when President Bush took office in January 2001.
- To be counted as unemployed, a person must be actively looking for work, but in a weak labor market there can be considerable hidden unemployment and underemployment if people who want to work have been discouraged from looking for work and if people who want to work full-time can only find a part-time job.
- In a typical business cycle recovery, people come back into the labor force as the prospects of finding a job improve, but in the most recent jobs slump the labor force participation rate has remained depressed compared with what it was at the start of the recession.
- In December 2006 the labor force participation rate (the proportion of the population working or actively looking for work) was 0.8 percentage point lower than it was at the start of the recession in March 2001.
- As a result of sluggish job creation and the depressed labor force participation rate, the proportion of the population with a job (the employment-to-population ratio) remains 0.9 percentage point lower than it was at the start of the recession.
- In December 2006, 4.1 million people who were not in the labor force said they wanted a job; about 1.3 million of these are considered “marginally attached” to the labor force because they have searched for work in the past year and are available for work.
- In December 2006, 4.2 million people were working part-time for economic reasons but wanted full-time work.
- The Bureau of Labor Statistics estimates that if marginally attached workers were included, the unemployment rate would have been 5.3 percent in December 2006, and if those working part-time for economic reasons were also included it would have been 8.0 percent.



## **The Bush Economy**

### **Chart 6: Over 60 Percent More Long-Term Unemployment**

- The number of people unemployed for more than 26 weeks is 61 percent higher than it was when President Bush took office.
- 26 weeks is the cut-off for regular state unemployment benefits, and the President and the Republican-controlled Congress failed to renew the Temporary Extended Unemployment Compensation program when it expired in December 2003.
- As a result, those who subsequently exhausted their regular state benefits did not receive any additional federal benefits, even though it was difficult to find a new job in a labor market that remained relatively weak.
- The number of long-term unemployed as a fraction of total unemployment fell below 20 percent in June 2005 for the first time in 32 months—the longest stretch on record in which that fraction exceeded 20 percent.
- In December 2006, about one in six of the unemployed (16.0 percent) have been unemployed for more than 26 weeks.

## **The Bush Economy**

### **Chart 7: Typical Worker's Earnings Failed to Keep Up with Inflation &**

## **The Bush Economy**

### **Chart 8: The Distribution of Earnings Has Become More Unequal**

- The Bureau of Labor Statistics publishes data on the usual weekly earnings of full-time workers at different points on the wage ladder.
- After adjusting for inflation, the usual weekly earnings at the exact middle of the distribution—real median usual weekly earnings—fell 0.9 percent from the fourth quarter of 2000 to the fourth quarter of 2005.
- That contrasts with healthy growth of 7.3 percent in the previous five years under President Clinton.
- Not only have median real earnings stagnated, but the distribution of earnings has become more unequal.
- Real earnings at the bottom of the distribution (the 10<sup>th</sup> percentile) have fallen 2.1 percent under President Bush, while those at the top (90<sup>th</sup> percentile) rose 4 percent.
- This disparity contrasts with the strong and widespread earnings growth in the previous five years under President Clinton.



## **The Bush Economy**

### **Chart 9: Large Projected Surpluses Turned into Large Deficits**

- When President Bush took office in January 2001, the Congressional Budget Office (CBO) projected large and growing federal budget surpluses under existing laws and policies (the so-called baseline projection).
- Over the 10 years from 2002 to 2011 those surpluses would cumulate to \$5.6 trillion.
- In fact, of course, the surplus was smaller than projected in 2001 and by 2004 a projected \$400 billion surplus had turned into a deficit of over \$400 billion.
- The 2006 budget deficit was \$248 billion. In 2001, CBO's projection was for a surplus of \$505 billion.

## **The Bush Economy**

### **Chart 10: \$4.3 Trillion More Debt in 2008**

- In February 2001, the Bush Administration projected that the federal debt would be \$1.2 trillion in 2008 if their policies were enacted, and that it would not be prudent or possible to pay down the debt any faster.
- In fact, however, under President Bush, the hard-won fiscal discipline of the late 1990s was completely squandered. The Administration's July 2006 projection of what the public debt will be in 2008 climbed to \$5.5 trillion—an increase of \$4.3 trillion over the February 2001 projection.
- The public debt is federal debt held outside government and does not include debt held in the Social Security Trust fund and elsewhere within the government. The gross federal debt, which includes debt held by government agencies, was \$7.9 trillion in 2005 and is projected to be \$9.6 trillion at the end of 2008.
- Instead of building up surpluses and retiring debt in order to prepare properly for the retirement of the baby boom generation, the Bush Administration abandoned all pretense of fiscal discipline and let the debt skyrocket.

## **The Bush Economy**

### **Chart 11: Bush Tax Cuts Were Nearly 90 Times Larger for Millionaires than for Middle Income Households**

- The average amount of 2001-2004 tax cuts for households with more than \$1 million of income was \$103,000 in 2005.
- The comparable figure for households with incomes of \$50,000 to \$75,000 was \$1,187.
- That made the millionaires' average tax cut 87 times larger. It was 146 times larger than the average tax cut for households with \$20,000 to \$50,000 income and 54 times larger than the average tax cut for households with \$75,000 to \$100,000 of income.



## **The Bush Economy**

### **Chart 12: One of Only Three Administrations with a Decline in Household Income &**

## **The Bush Economy**

### **Chart 13: Real Median Household Income Down \$1,273**

- After adjusting for inflation, the income of a typical household was down by almost \$1,300 during President Bush's first term (2005 is the latest year for which we have data).
- The measure used here is the Census Bureau's median household income, adjusted for inflation. The median income is the income of the household at the exact middle of the distribution—half of all households have less income and half have more.
- Real (inflation-adjusted) median household income has fallen at an average annual rate of 0.5 percent since President Bush took office. Looking back as far as we have data, that is, back to Kennedy, only two other administrations have had a decline in real median household income.

## **The Bush Economy**

### **Chart 14: Real Household Income Has Declined for All Income Groups since 2000**

- Average income in each fifth of the distribution of household income has fallen since 2000 after adjusting for inflation.
- The largest decline was in the poorest fifth of the distribution, where the average real income fell 7.5 percent.
- Declines at the top were substantially smaller than the declines in the middle and lower fifths of the distribution.
- As a result of this pattern of losses among income groups, income inequality is now greater than it was before President Bush took office.

## **The Bush Economy**

### **Chart 15: Administration with Second Largest Average Annual Rise in the Poverty Rate &**

## **The Bush Economy**

### **Chart 16: 5.4 Million More Americans in Poverty**

- The official poverty rate in 2005 was 12.6 percent.
- That translates into 37.0 million Americans living in poverty in 2005—5.4 million more than were living in poverty in 2000, the year before President Bush took office.
- The average annual increase in the poverty rate during President Bush's first term is second only to that during George H. W. Bush's administration and contrasts sharply with the declines in the Clinton and Kennedy-Johnson administrations.



## **The Bush Economy**

### **Chart 17: 6.8 Million More Americans without Health Insurance**

- 46.6 million Americans were without health insurance in 2005 (the latest year for which we have data).
- That represents an increase of 6.8 million over the number of people without health insurance in 2000, the last year before President Bush took office.